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**FISCAL IMPACT STATEMENT**

**LS 6899**

**BILL NUMBER:** HB 1117

**NOTE PREPARED:** Jan 31, 2012

**BILL AMENDED:** Jan 30, 2012

**SUBJECT:** Regional Water, Sewage, or Waste Districts, and Utilities.

**FIRST AUTHOR:** Rep. Wolkins

**FIRST SPONSOR:** Sen. Gard

**BILL STATUS:** As Passed House

**FUNDS AFFECTED:**     **GENERAL**  
                              **DEDICATED**  
                              **FEDERAL**

**IMPACT:** Local

**Summary of Legislation:** (Amended) This bill provides that if a not-for-profit sewer utility uses eminent domain to acquire an easement or right-of-way, the easement or right-of-way may not exceed 50 feet. It specifies that a conservancy district is not a not-for-profit utility.

The bill requires notice and a hearing before a petition may be filed to establish a regional water, sewage, or solid waste district. It establishes requirements for appointment to the board of trustees of a district. The bill also provides that if a district uses a flat charge to determine a rate or charge for a sewage works, the district must provide a written summary of how the flat charge was calculated.

The bill provides that a district or utility may not require a property owner to connect to the district's or utility's sewer system under certain conditions for five years. It allows the property owner to apply for additional and unlimited five-year extensions.

The bill allows a campground or youth camp to be billed for sewage service at a flat rate or by installing a meter to measure the actual amount of sewage. It provides that, for billing purposes, a bed at a youth camp equals 1/8 residential equivalent unit.

The bill establishes a procedure by which a ratepayer may object to initial rates and charges established by a district.

The bill requires a local health department to notify an applicant for a residential septic system permit of the existence of a district. It also provides that a homeowner may include in a residential sales disclosure form

information relating to a district.

**Effective Date:** July 1, 2012.

**Explanation of State Expenditures:**

**Explanation of State Revenues:**

**Explanation of Local Expenditures:** *Public Hearing Before Establishing a Regional Water, Sewage, or Solid Waste District:* Representatives of eligible entities (counties, cities, and towns) would have to provide notice and a public hearing before a petition may be filed to establish a district. Any impact will depend upon local action.

*Objection to Initial Rates and Charges by Ratepayers:* This bill provides a procedure for ratepayers to object to the initial rates and charges of the district. If the lesser of 50 or 10% of the ratepayers file a petition, then the district authority must provide a public hearing and provide notice of the hearing by certified mail and by publishing the notice in a newspaper. Any increase in expenses will depend upon the extent that public hearings must be held by districts according to the provisions of this bill.

*Notifying Residential Septic System Permit Applicants about the Existence of Districts:* The bill requires a local health department to notify an applicant for a residential septic system permit of the existence of a regional sewage district if the property is located in the service district of a regional sewage district. This provision should have no fiscal impact.

*Written Statements on the Calculations of Flat Charges:* The bill requires a district board to summarize the method used to determine the amount of a flat charge used as a factor in determining a rate or charge for a sewage works. A copy of the one-page summary is to be provided to each person who is required to pay the charge and who requests a paper copy of the summary. The impact of this provision should be minor and will depend on local circumstances and action.

**Explanation of Local Revenues:** *Connecting to a Sewer System.* This bill provides that a district may not require property owners to connect to a district sewer system if:

- (1) the property is located on at least 10 acres;
- (2) the owner can demonstrate the availability of at least two areas on the property for the collection and treatment of sewage that will protect human health and the environment;
- (3) the waste stream from the property is limited to domestic sewage from a residence or business;
- (4) the system used to collect and treat the domestic sewage has a maximum design flow of 750 gallons a day; and
- (5) the owner obtains and provides to the district a certification from the local health department that the system is functioning satisfactorily.

The bill also allows a property owner to be exempt from connecting to a district sewer system if their sewage disposal system is not failing, or the property owner intends to repair or replace the system. In addition, the bill allows property owners to apply for additional and unlimited five-year extensions of the exemption.

These provisions could decrease the number of property owners who connect to a sewer system, which would

reduce the amount of revenue generated for the sewer district. The impact will depend upon the number of property owners who would qualify.

**State Agencies Affected:**

**Local Agencies Affected:** Regional water, sewage, or waste districts; Local health departments.

**Information Sources:**

**Fiscal Analyst:** Jessica Harmon, 317-232-9854.